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SOURCE Chekiang Jih-pao.

CHEKIANG PROVINCE ENCOUNTERS DIFFICULTIES  
IN CONCENTRATING CURRENT CAPITAL

The provincial government convened a meeting of officials on the hsien level and above to discuss the progress of the work of concentrating capital as instructed by the Administration Council of the Central government. The discussion indicated that, while most of the authorities had entered vigorously and successfully into the program, there were evident weaknesses in some spots.

Considerable numbers of comrades still have their doubts about the system and so have not carried it out with the necessary vigor. Consequently, the provincial authorities have instructed the municipal, special administrative district, and hsien officials to make a thorough inspection by the end of May 1950. The hsien should tender their reports to the provincial officials by 10 June 1950. The provincial government will collate the reports and report the data for the whole province.

The provincial government's instruction are as follows:

1. The goods tax and the direct tax funds have been turned in on time as required, but local taxes have been slow. In some places, court fines have not come in. In other places, tax funds have been used for local purposes. The greatest difficulty in the grain treasuries is the lack of clear records. The administrators and those responsible for the granaries should get together, make a careful check, and sign and stamp the records as a beginning. After this, constant checks should be made.

2. In the matter of disbursements, there is a discrepancy between the budgets and the audits. Some do not wait for authorization, but disburse on their own authority, reporting afterward instead of getting prior authorization. They cannot follow the order of doing things that has been prescribed. Waste and disorder have resulted. In some places, budgets are not realistic and those in authority do not carefully check them. They leave matters to the treasurers and turn over their seals to their secretaries. Because of this, disbursement records are falsified. False names are listed for which there are no real persons. Audit systems are slipshod. In many places, money is used without any book entry. Up to the present, many accounts for 1949 have not yet been turned in. At many conferences where the number of

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persons present did not reach the number provided for in advance, the funds have been drawn and diverted to private purposes. These conditions still prevail in many places.

3. The expense account controls of many enterprises are not yet adequate to carry out the centralized fiscal policy. They have no practical plans. They make disbursements against a general account and have no clear budgets. Others do not follow their budgets. Some units which have surpluses do not report them, while others go without sufficient funds.

4. Some enterprises have never set up a proper system of accounting. They have no clear distinction between their fixed capital, their circulating capital, and the capital investment in the establishment of the enterprises. They have no proper financial control system. In the days of inflation, they bought goods to maintain their capital. Now that prices are stabilizing, they cannot dispose immediately of their goods, so they seek loans from banks to cover their payroll and tax expenses.

5. The current funds control has not yet been too widely effected. In Hangchow, of a total of 258 public enterprises and government agencies, only 125 have established relations with the People's Bank. There were 133 organizations which had not yet established a deposit account with the bank by 15 April 1950 (some have since then). Some organizations have had accounts with private banks. Some organizations are still buying goods to hold over instead of depositing their receipts with the bank.

6. The matter of inventorying material assets has not been generally carried out. In the past, there has been bad handling of such assets. Patriotism has been lacking. For example, when the KMT were retreating they discarded about 50 motor vehicles among a certain highway in this province. They were damaged, but could have been salvaged with minor repairs. However, our side did not properly look after them and the parts were stolen until the vehicles were a total loss. The automobile steel now being sold in this area has driven local iron off the market. Further, the materials taken over by many organizations have not been fully accounted for and turned in. Much of it is hidden away with no record of it.

7. In some places, care is given to collecting local taxes but little attention given to general government taxes, such as the salt tax. In some areas, the hsien militia collaborate with the tax collectors. Some ch'u chiefs malign and despise the tax collectors, and say, "I am trying to arouse the masses and you come along and dampen their ardor."

Corruption in government service is too common, primarily among personnel held over from the KMT and secondarily among the new cadres. In the Chin-hua Special Administrative District, an investigation revealed 55 cases of embezzlement in the financial, grain, bank, and trade organizations. The amount embezzled was 90 million yuan. The treasurer of the T'ai-chou Special Administrative District embezzled 90,000 catties of grain. A section member in the financial section of the Shao-hsing Special Administrative District embezzled 8 ounces of gold and 1,000 yuan, reporting them as stolen. A held-over worker in the Hang Hsien embezzled 700,000 catties of grain. In a tax office in the Wen-chou Special Administrative District, a case of organized embezzlement involved 30 million yuan. Other cases are under investigation.

The chief reasons for this corruption lie in too rapid expansion with insufficient preparation, lack of sufficient counsel from the experienced comrades, insufficient well-planned objectives suited to conditions in Chekiang, and lack of qualified leadership. Most of the comrades are not acquainted with our financial objectives. Many of the comrades do not have an over-all conception of the hardships of the whole program. In areas where the income was a little better than others they felt they could spend more. Some comrades, unacquainted

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with the program, and afraid to bother others by asking questions, made disbursements as they thought best. Lack of discipline and watchfulness is another weakness.

In the future, steps must be taken to carry out strictly the demands of the currency centralization program, the strict system of receipts and disbursements, and to follow the directives of the Central government. We must adapt our activities to the real needs of the province and work according to the rules. In this way, all our current responsibilities can be carried out satisfactorily and on time. We must especially tighten up in the matter of tax collection, distribute our cadres on a strict basis, and maintain a careful and constant inspection to help them.

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